Calendar No. 640

97TH CONGRESS
2d Session

SENATE

REPORT
No. 97-471

AMENDING THE DISTRICT OF COLUMBIA SELF-GOVERNMENT AND GOVERNMENTAL REORGANIZATION ACT TO INCREASE THE AMOUNT AUTHORIZED TO BE APPROPRIATED AS THE ANNUAL FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA

JUNE 9 (legislative day, JUNE 8), 1982.—Ordered to be printed

---

Mr. MATHIAS, from the Committee on Governmental Affairs, submitted the following

REPORT

[To accompany S. 2457]

The Committee on Governmental Affairs, to which was referred the bill (S. 2457) to amend the District of Columbia Self-Government and Governmental Reorganization Act to increase the amount authorized to be appropriated as the annual Federal payment to the District of Columbia having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

I. PURPOSE OF THE LEGISLATION

The purpose of the bill (S. 2457) is to increase the authorization of the Federal payment to the District of Columbia from its present level of $336.6 million to $361.0 million for the fiscal year ending September 1983, and for each fiscal year thereafter. The purpose of the increase is to allow the District of Columbia to keep pace with the effects of inflation on its municipal budget.

II. BACKGROUND AND NEED FOR THE LEGISLATION

The fiscal responsibility of the Federal Government to the District of Columbia has been an issue of discussion since 1790, when Congress authorized establishment of the District. During the almost 200 years since, this fiscal responsibility has come to be known as the Federal payment, and is primarily a means by which the Federal Government compensates the Nation's Capital for revenue lost by virtue of the myriad non-taxable institutions and properties located within its boundaries.

89-010 O

S403-8

As shown in the chart below, the District experiences severe tax losses as a result of Federal exemptions. With Federal bureaucracy as the primary employer, a substantial diplomatic community and very little other industry, the Federal presence adversely effects the City's ability to sustain itself on revenues it raises from taxes, licensing and other revenue producing projects. This table lists the revenue foregone in fiscal year 1981 as a result of these exemptions.

Tax revenues foregone due to Federal exemptions—fiscal year 1981

	Millions
I. Revenues lost because of federally mandated exemptions from district property taxes:	
Federal real estate	$225.9
Other exemptions (foreign government and special acts of Congress)	23.9
Federal personal property	55.9
Subtotal	305.7
II. Revenues lost because of Federal restrictions on D.C. taxing authority:	
Nonresident individual income tax	416.2
Congressional employees and Presidential appointees	4.1
Subtotal	420.3
III. Nonproperty tax revenues lost due to diplomatic exemptions	12.0
IV. Revenues lost because of Federal restrictions on the taxation of military	21.9
Total impact of Federal presence	759.9

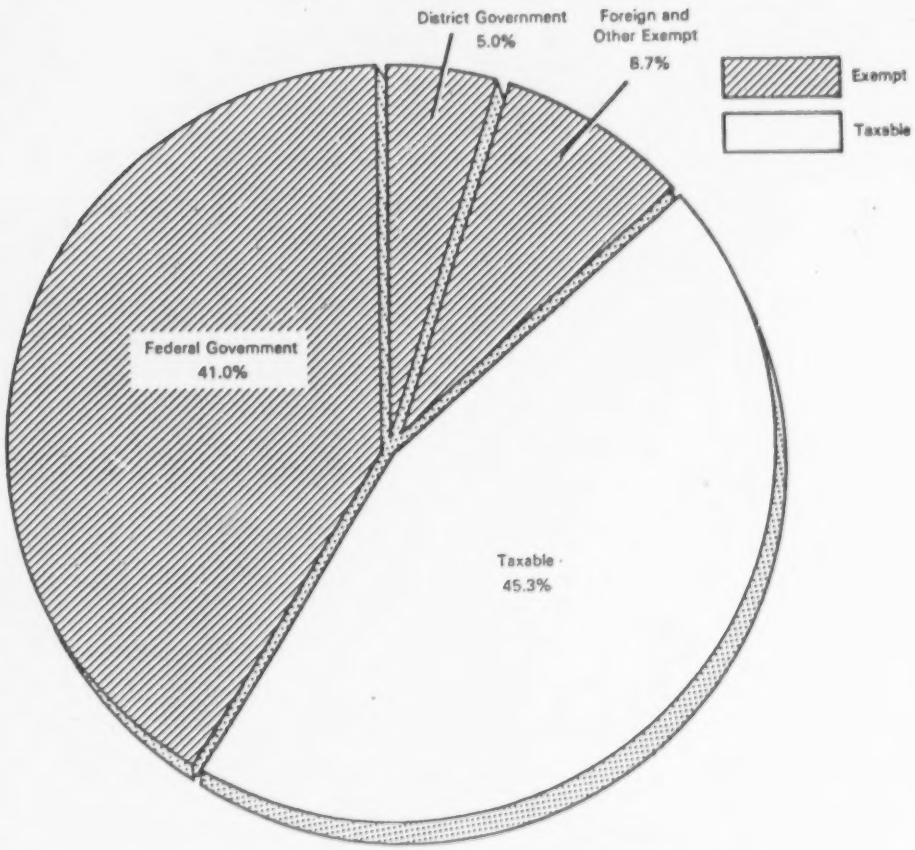
Source: Department of Finance and Revenue, July 1981.

As illustrated on page 3, only 45.3 percent of the property within the District of Columbia is taxable. Of the remaining tax exempt property, 41 percent belongs to the Federal Government, 8.7 percent belongs to foreign governments or other tax exempt entities, and 5 percent belongs to the City government itself. With nearly 55 percent of the total acreage in the City unable to be taxed, the City's ability to raise revenues is severely hampered.

Historically, the Federal payment was granted in bits and pieces, for specific projects designed to build the new Nation's Capital. Congress has always recognized an implied obligations to provide payment for street construction, the establishment of a public school system, a police force, and other such necessities which were well beyond the means of the local residents and collectable tax revenues.

Over the years, the Federal payment to the District of Columbia became more regular, and a topic of heated discussion as well. Although there was general agreement that the payment should be predictable, the exact amount of Federal appropriation the District should receive was a point of contention. In almost every Congress, this debate centered on how much compensation was necessary for the Federal City. The 34th Congress in 1856 debated a 50–50 Federal

REAL ESTATE IN THE
DISTRICT OF COLUMBIA—FY 1982
(% OF TOTAL ACREAGE)



payment. The 43d Congress in 1874 discussed the possibility of making the Federal payment whatever was needed to balance the City's budget. The District of Columbia Organic Act of 1878 (20 Stat. 102) provided for a 50–50 Federal payment. Under this Act, local revenues from taxes were deposited in the Treasury, and Congress appropriated them as needed, matching them dollar for dollar using revenues from Federal taxes.

In 1925, the United States began making the Federal payment in lump sums, rather than the 50–50 approach. Although at first by custom, this arrangement was made a part of the Code of 1939 by the D.C. Revenue Act of 1939. Unfortunately, the amount of these payments followed no specific formula and consequently bore no relationship to the City's revenues or deficits or overall needs.

As illustrated in the table below, the Federal share of total District revenues varies widely, and has had no logical or predictable course.

FEDERAL PAYMENT AND ITS RELATIONSHIP TO THE GENERAL FUND

	Total appropriations	District of Columbia share	U.S. share	U.S. share as a percent of total
Fiscal year:				
1921	$21,474,271	$12,256,178	$9,218,093	42.92
1922	22,977,411	13,784,648	9,192,763	40.00
1923	23,833,043	14,430,265	9,402,778	39.45
1924	23,903,755	14,463,330	9,440,425	39.49
1925	31,175,672	22,030,317	9,145,355	29.33
1926	31,139,730	22,139,638	9,000,092	28.90
1927	33,951,478	24,950,987	9,000,491	26.51
1928	34,894,148	25,892,358	9,001,790	25.79
1929	35,957,970	26,957,753	9,000,217	25.03
1930	40,694,306	31,694,306	9,000,000	22.12
1931	45,625,286	36,125,252	9,500,034	20.82
1932	43,840,022	34,339,911	9,500,111	21.67
1933	39,626,998	31,851,847	7,775,151	19.62
1934	29,700,737	24,000,708	5,700,029	19.19
1935	34,620,004	30,080,709	4,539,295	13.11
1936	38,295,953	32,588,424	5,707,529	14.90
1937	40,182,768	35,117,768	5,005,000	12.46
1938	41,143,818	36,118,792	5,025,026	12.21
1939	40,494,451	35,494,451	5,000,000	12.35
1940	41,777,885	35,777,768	6,000,117	14.36
1941	43,136,909	37,136,909	6,000,000	13.91
1942	47,401,269	41,401,269	6,000,000	12.66
1943	49,422,932	43,422,932	6,000,000	12.14
1944	54,642,247	48,642,247	6,000,000	10.98
1945	62,599,125	56,599,125	6,000,000	9.58
1946	64,728,423	58,728,423	6,000,000	9.27
1947	72,584,314	64,584,314	8,000,000	11.02
1948	81,744,086	70,744,086	11,000,000	13.45
1949	86,017,985	75,017,985	11,000,000	12.79
1950	98,331,275	87,331,275	11,000,000	11.19
1951	103,924,822	94,124,822	9,800,000	9.43
1952	121,265,978	110,865,978	10,400,000	8.58
1953	113,589,327	103,589,327	10,000,000	8.80
1954	129,111,304	118,111,304	11,000,000	8.52
1955	139,578,760	119,578,760	20,000,000	14.33
1956	143,179,303	125,179,303	18,000,000	12.57
1957	155,579,025	135,589,025	20,000,000	12.86
1958	166,096,999	146,096,999	20,000,000	12.04
1959	185,915,914	160,915,914	25,000,000	13.45
1960	199,806,074	174,806,074	25,000,000	12.51
1961	[1] 199,522,707	174,522,707	25,000,000	12.52
1962	209,571,780	179,571,780	30,000,000	14.31
1963	224,594,494	194,594,494	30,000,000	13.35
1964	240,934,361	203,434,361	37,500,000	15.56
1965	265,062,212	227,562,212	37,500,000	14.14
1966	285,093,147	240,843,147	44,250,000	15.52
1967	318,057,766	260,057,766	58,000,000	18.23
1968	371,269,747	301,269,747	70,000,000	18.85
1969	435,474,907	346,109,907	89,365,000	20.52
1970	528,960,521	412,794,521	[2] 116,166,000	21.96
1971	591,262,769	400,262,769	[3] 131,000,000	22.15
1972	641,466,600	467,812,500	173,654,000	27.07
1973	718,091,300	536,591,300	181,500,000	25.28
1974	777,764,647	590,314,647	187,450,000	24.10
1975	845,616,600	619,416,600	226,200,000	26.74
1976	1,042,142,700	793,194,000	248,948,000	23.88
1977	1,130,505,900	853,855,900	276,650,000	24.47
1978	1,260,791,300	984,791,300	276,000,000	21.89
1979	1,335,746,400	1,085,716,400	[4] 250,000,000	19.39
1981	1,457,886,500	1,157,886,500	300,000,000	20.58
1982	1,586,298,000	1,249,698,000	336,600,000	21.22

[1] Excludes appropriations for capital outlay beginning with fiscal year 1961.

[2] Includes $5,000,000 as provided in Public Law 91-106 for law enforcement activities in fiscal year 1970 only and $8,000,000 as provided in Public Law 91-287 for use in defraying the cost of the retroactive pay increases for policemen, firemen, and teachers.

[3] Includes $5,000,000 as provided in Public Law 91-358 for purpose of the District of Columbia Court Reform and Criminal Procedures Act of 1970.

[4] Excludes 1-time special payment of $9,900,000 for the Federal share of the R.F.K. Stadium bond repayment.

Note: 1921 through 1960 compared to total appropriation for general fund—operating and capital. 1961 through 1975 compared to total appropriation for general fund—operating expenses. 1976 through 1980 compared to total appropriation for operating expenses—all sources. 1981 and 1982 figures are for general fund—operating.

During the years after World War I home rule became a focal point, and the question of the federal payment was invariably linked to the question of self government. The need for establishing a predictable authorization for the federal payment became apparent. In 1973, Congress enacted the District of Columbia Self-Government and Governmental Reorganization Act (Public Law 93–198; 87 Stat. 774, D.C. Code Title II, Sec. 101. et seq.) which provided home rule for the residents of our Nation's Capital. Section 502 of the Act provided for a series of graduated federal payments: beginning with $230 million for fiscal year 1975; $254 million for fiscal year 1976; $280 million for fiscal year 1977; and, $300 million for fiscal year 1978 and each year thereafter. The Home Rule Act was further amended in 1981 to increase the authorized amount from $300 million to $336.6 million.

This legislation is required because the amount of the actual payment from the federal government has not kept pace with the increase in the extraordinary net costs and uncollectable revenues resulting from the federal presence. In addition, passage of S. 2457 will enable Congress to appropriate the full amount of money for the federal payment that was requested by the Administration for fiscal year 1983.

III. Provisions of the Bill

The bill (S. 2457) amends Section 502 of the District of Columbia Self-Government and Governmental Reorganization Act (Public Law 93–198; 87 Stat. 774; D.C. Code Title II. Sec. 101 et seq.), commonly referred to as the Home Rule Act, by striking out "and for the fiscal year ending September 30, 1982, and for each fiscal year ending after September 30, 1982, the sum of $336,600,000" in the first sentence and inserting in lieu thereof "for the fiscal year ending September 30, 1982, the sum of $336,600,000; and for the fiscal year ending September 30, 1983, and for each fiscal year ending after September 30, 1983, the sum of $361,000,000".

This would result in an increased Federal payment of $24.4 million, or approximately seven percent more than the amount authorized for fiscal year 1982.

IV. Legislative History

The bill (S. 2457) was introduced by Senator Mathias on April 29, 1982, and was referred to the Senate Governmental Affairs Subcommittee on Governmental Efficiency and the District of Columbia. The bill was polled out of the Subcommittee on May 18, 1982, by a vote of 3 to 0, and was sent to the full Governmental Affairs Committee with a favorable recommendation.

V. Recorded Vote in Committee

In compliance with paragraph 7(c) of rule XXVI of the Standing Rules of the Senate, the rollcall vote taken during committee consideration of this legislation is as follows: 14 yeas, 2 nays.

YEAS—14	NAYS—2
Senator Percy	Senator Stevens
Senator Mathias	Senator Mattingly
Senator Danforth	
Senator Cohen	
Senator Durenberger	
Senator Schmitt	
Senator Rudman	
Senator Eagleton	
Senator Chiles	
Senator Glenn	
Senator Sasser	
Senator Pryor	
Senator Levin	
Senator Roth	

VI. Evaluation of Regulatory Impact

Paragraph 11(b) of rule XXVI of the Standing Rules of the Senate requires each report accompanying a bill to evaluate "the regulatory impact which would be incurred in carrying out the bill."

S. 2457 is not a regulatory bill. It does not directly affect private individuals or businesses. The economic impact of regulation on such individuals and businesses, likewise, is not changed by any provision of S. 2457.

U.S. Congress,
Congressional Budget Office,
Washington, D.C., June 7, 1982.

Hon. William V. Roth, Jr.
Chairman, Committee on Governmental Affairs,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for S. 2457, a bill to amend the District of Columbia Self-Government and Governmental Reorganization Act to increase the amount authorized to be appropriated as the annual Federal payment to the District of Columbia.

Should the Committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

Alice M. Rivlin, *Director.*

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

1. Bill number: S. 2457.

2. Bill title: A bill to amend the District of Columbia Self-Government and Governmental Reorganization Act to increase the amount authorized to be appropriated as the annual Federal payment to the District of Columbia.

3. Bill status: As ordered reported by the Senate Committee on Governmental Affairs, May 28, 1982.

4. Bill purpose: The purpose of this bill is to increase the amount authorized to be appropriated as the annual Federal payment to the District of Columbia from $336.6 million to $361.0 million for fiscal year 1983 and for each fiscal year thereafter.

5. Cost estimate:

[By fiscal years, in millions of dollars]

	1983	1984	1985	1986	1987
Authorization level	361.0	361.0	361.0	361.0	361.0
Less: Existing authorization	336.6	336.6	336.6	336.6	336.6
Net additional authorization	24.4	24.4	24.4	24.4	24.4
Estimated additional outlays	24.4	24.4	24.4	24.4	24.4

The cost of this bill fall within budget function 850.

6. Basis of estimate: This estimate assumes that the amount authorized will be appropriated. It is also assumed that the full appropriation for each fiscal year will be paid to the District of Columbia during that fiscal year.

7. Estimate comparison: None.

8. Previous CBO estimate: On May 13, 1982, the Congressional Budget Office prepared a cost estimate for H.R. 5595, as ordered reported by the House Committee on the District of Columbia, a similar bill to increase the amount authorized to be appropriated as the annual federal payment to the District of Columbia. The CBO cost estimate on S. 2457 is identical to the estimate prepared for the House bill.

9. Estimate prepared by: Judith L. Walker (226–2860).

10. Estimate approved by:

C. G. Nuckols
(For James L. Blum,
Assistant Director for Budget Analysis).

VIII. Changes in Existing Law

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill S. 2457, as ordered reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 502 OF THE DISTRICT OF COLUMBIA SELF-GOVERNMENT AND GOVERNMENTAL REORGANIZATION ACT

FEDERAL PAYMENT

SEC. 502. Notwithstanding any other provision of law, there is authorized to be appropriated as the annual Federal payment to the District of Columbia for the fiscal year ending June 30, 1975, the sum of $230,000,000; for the fiscal year ending June 30, 1976, the sum of $254,000,000; for the fiscal year ending September 30, 1977, the sum of $280,000,000; for each of the fiscal years ending September 30, 1978, September 30, 1979, September 30, 1980, and September 30, 1981, the sum of $300,000,000; [and for the fiscal year ending September 30, 1982 and for each fiscal year ending after September 30, 1982, the sum of $336,600,000] *for the fiscal year ending September 30, 1982, the sum of $336,600,000; and for the fiscal year ending September 30, 1983, and for each fiscal year ending after September 30, 1983, the sum of $361,000,000.* For the period July 1, 1976, through September 30, 1976, there is authorized to be appropriated a Federal payment of $70,000,000.

○

Calendar No. 641

97TH CONGRESS
2d Session

SENATE

REPORT
No. 97-473

PROVIDING FOR THE ESTABLISHMENT OF A SYSTEM TO COLLFCT DATA ON THE GEOGRAPHIC DISTRIBUTION OF FEDERAL FUNDS

JUNE 14 (legislative day, JUNE 8), 1982.—Ordered to be printed

Mr. DURENBERGER, from the Committee on Governmental Affairs, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany S. 2386]

The Committee on Governmental Affairs, to which was referred the bill (S. 2386) providing for the establishment of a system to collect data on the geographic distribution of Federal funds, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

CONTENTS

		Page
I.	Summary and purpose	2
II.	Background:	
	Structure of Federal Expenditures Information Systems	2
	Legislative History of Federal Expenditures Information Systems	5
III.	Legislative history of S. 2386:	
	Legislative Response to the Discontinuation of GDFF	7
	Hearing	8
IV.	Discussion and committee recommendations:	
	The Short Term Information Gap	11
	Assuring Adequate Data of Good Quality over the Long Term	12
	Statutory Authority of FAADS	13
V.	Section-by-section analysis of S. 2386 as amended	13
VI.	Evaluation of regulatory impact	15
VII.	Changes in existing law	15
VIII.	Committee vote	15
IX.	Cost estimate	16
X.	Additional views	18

89-010 O

5403-9

I. SUMMARY AND PURPOSE

The purpose of this legislation is to create a comprehensive report of the geographic distribution of Federal funds by consolidating data systems that presently exist within the Federal Government. The bill, as amended, would require the Director of the Office of Management and Budget (OMB) to consolidate in a consistent manner the following:

1. The Federal Assistance Awards Data System (FAADS);
2. The Federal Procurement Data System (FPDS);
3. Data on Federal civilian employee salaries available through the Central Personnel Data File operated by the Office of Personnel Management;
4. Data on the following categories of military personnel pay available through the Defense Manpower Data Center (DMDC) operating within the Department of Defense:
    i. Military Active Duty Pay;
    ii. Military Reserve and National Guard Pay;
    iii. Military Retired Pay.

Data from each of these sources would be aggregated in a consistent manner at the State, county, and municipal levels and reported by program beginning for fiscal year 1983.

In addition, the bill requires the Director of OMB to collect and report data on the geographic distribution of Federal funds aggregated at the State level for fiscal years 1981 and 1982.

II. BACKGROUND

Structure of Federal expenditures information systems

No single integrated system exists presently for compiling and reporting Federal domestic spending on a geographic basis. The "system," prior to fiscal year 1982, consisted actually of numerous separate information systems and data bases. These systems operated independently of one another; were administered by different offices and agencies of the Federal Government; reported different, but frequently overlapping, categories of Federal expenditures; and were in general incompatible for comparative purposes.

Seven important systems and data bases with the capability of reporting Federal expenditures on a geographic basis are listed below with a short description.

The Federal aid to States (FAS).—FAS is an annual Department of Treasury publication that reports Federal grants-in-aid to State and local governments. It reports actual Federal outlays in broad functional areas (e.g., Education for the Handicapped) at the State level of aggregation only. Not covered by this system are such items as loan programs, procurement activities, Federal salaries and administrative expenses, and several major agencies including the Department of State, the Agency for International Development and significant portions of the Department of Defense. FAS reported on approximately $96 billion in Federal outlays in fiscal year 1980.

The geographic distribution of Federal funds (GDFF).—Prior to fiscal year 1982, GDFF was an annual Community Services Administration publication that reported domestic financial assistance of all types, procurement activities, and salary and expense payments to Federal employees. It reported a mixture of Federal obligations and actual outlays at the State, county, and large city levels. GDFF reported approximately $528 billion in Federal expenditures in fiscal year 1980. OMB eliminated GDFF in December 1981 and ordered agencies not to report fiscal year 1981 data.

The Federal assistance awards data system (FAADS).—FAADS is a uniform system for reporting information on Federal financial assistance transactions. All Federal assistance transactions are reported individually, except for certain types of entitlement payments to persons and large loan programs, which are reported on a county aggregate basis. Not included in this system's coverage are Federal employee salaries, procurement activities, and portions of the Department of Defense. The system reported on approximately $377 billion in Federal obligations in fiscal year 1980. The system is presently operated by the Census Bureau which acts as the executive agency for the Office of Management and Budget which has responsibility for the system. FAADS does not operate under an OMB Circular. It is currently administered under an OMB Director's Memorandum.

The Federal procurement data system (FPDS).—FPDS assembles, organizes, and reports contract data from all Federal agencies and commissions in excess of $10,000 at the Zip Code, county, city, State, territory and "principle place of performance" levels of aggregation. Summary data are reported for contract actions amounting to less than $10,000 each. This system makes it possible to determine where the contract was awarded and also to determine where the terms of the contract were actually executed. These data are compiled and reported by the Office of Federal Procurement Policy. In fiscal year 1980, FPDS reported on $110 billion in Federal procurement contract obligations.

The central personnel data file (CPDF).—This system is operated by the Office of Personnel Management and contains a record of every Federal civilian employee. These salary data are not presently reported on a geographic basis. Total Federal civilian employee salaries amounted to $63.3 billion in fiscal year 1980.

The defense manpower data center.—This Center exists as a central facility within the Department of Defense for the establishment of an automated data base on military personnel and manpower information. Salary data are not presently reported on a geographic basis. Total military pay amounted to $34 billion in fiscal year 1980.

Budget information system (BIS).—This system provides a state-by-state accounting of the distribution of 45 major formula grant programs. These programs account for more than 80 percent of Federal financial aid to state and local governments. BIS covered total Federal obligations estimated at $59 billion in fiscal year 1982.

The Table below depicts in concise form the areas of coverage and the approximate dollar level of Federal funds reported for fiscal year 1980 by each system.

SCOPE OF COVERAGE OF MAJOR SOURCES OF DATA ON THE GEOGRAPHIC DISTRIBUTION OF FEDERAL FUNDS

Source	Grants, loans, direct payments to individuals	Procurement	Federal salaries	1980 dollar level [1] (billions)
FAS	Grants only	No	No	$96
GDFF	Yes	Yes	Yes	528
FAADS	Yes	No	No	[2] 377
FPDS	No	Yes	No	110
CPDF	No	No	Civilian	63
DMDC	No	No	Military	34
BIS	Formula grants	No	No	[1] 59

[1] BIS figure is for fiscal year 1982 estimate.
[2] Assumes FAADS was fully operational in fiscal year 1980.

From the Table, it is clear that, standing alone, GDFF was the most comprehensive of the seven sources of data capable of producing information on a geographic basis.

Taken together, FAADS, FPDS, CPDF and DMDC cover a total of $584 billion, $64 billion more than GDFF. A small part of this discrepancy may be due to overlap among the data sources which results in double counting. This however is minimal. The vast majority of the difference results from the different methodology employed by FAADS and FPDS and that of GDFF. Both FAADS and FPDS report Federal obligations while GDFF reported a mixture of Outlays and Obligations.

Not reflected in the table is the degree of accuracy of the systems. Both GDFF and FAADS suffered from past inaccuracies. During the implementation stage, some users reported initial error rates ranging from as high as 40 to 60 percent on certain items reported through FAADS. The Census Bureau has acknowledged high error rates in the past and is currently attempting to eliminate them.

Likewise, GDFF suffered from well known inaccuracies. Much of GDFF reporting was inherently inaccurate below the State level. This was due to questionable proration techniques (statistical estimation procedures and rules of thumb) used to estimate the distribution of Federal dollars at the county and city levels.

For example, in a 1982 report by hte Economic Research Service of the Department of Agriculture entitled "Federal Funds in 1979", only 87 percent of the total Federal funds reported in GDFF were judged accurate enough to be used in the report. In specific programmatic areas, the inaccuracies were substantially greater than this average figure would indicate. Education and Social Service programs were judged to be only 50 percent acceptable, while funds reported for Public Assistance and Unemployment programs were judged 83 percent acceptable.

The above report further cautions that procurement contracts are reported in GDFF only by the location of the prime contractor.

> However, defense contracts are often complex, and any single contract may involve a number of subcontractors, each of which supplies some portion of the finished product. As a result, by the time the funds are actually spent for salaries and materials, they may be allocated quite differently from the way the prime contracts are distributed.

It was these inherent inaccuracies and the overall cost of the report that OMB used to justify its elimination of GDFF at the end of fiscal year 1981. OMB further argues that the Census Bureau will improve the accuracy of FAADS by fiscal year 1983 to enable it to substitute for GDFF in those areas it tracks with a higher degree of accuracy, despite FAADS' past history of inaccuracies.

In a letter to Senator Sasser dated March 10, 1982, the Comptroller General commented on the elimination of GDFF information system. He said in part

> Although these sources (FAS and FPDS) are more likely to report a more accurate and complete set of data in their specific areas, neither of the two operational sources nor the one being implemented (FAADS) will be capable of depicting a global view of Federal expenditure activities as did the GDFF.
>
> * * * * *
>
> However, from a collective view the potential exists for approximating the scope and coverage of the GDFF. Specifically, when FAADS is fully operational and used in conjunction with FPDS, essentially the same data set can be captured and reported as was that by GDFF, except salary and expense payments to Federal employees and portions of the Department of Defense.

If, however, both DMDC data and the CPDF data are properly combined with FAADS and FPDS, the comprehensive coverage of GDFF can be achieved, with considerably greater accuracy.

Legislative history of Federal expenditures information systems

The tracking and reporting of Federal domestic spending on a geographic basis has developed piecemeal over the years. Authority for collecting and reporting expenditure data has been established and broadened in a series of Acts over the past thirty years with varying degrees of specificity.

This is not surprising since each information system and data base developed to achieve a specific objective. For example, some of the systems were designed explicitly to provide accounting information on financial operations of the government (viz. FAS). Others (e.g., GDFF) were the outgrowth of an effort to provide readily available information to public officials and the public on Federal assistance.

This patchwork, uncoordinated growth of data systems results in a Federal information system on Federal expenditures that is inconsistent, incomplete, duplicative, and generally inefficient. The history of how the "system" developed is provided below.

The Budget and Accounting Procedures Act of 1950 (Public Law 81-784).—Public Law 81-784 is the statutory authority for the Federal Aid to States system. Pursuant to the authority given him in the Act, the Secretary of the Treasury reports (under Treasury Circular 1014) Federal aid payments to State and local governments. Section 114 of the act recognizes the necessity of providing information on the results of the financial operations of the government. Provision is also made for including in these reports such data as the Director of OMB may require in connection with preparation of the Budget.

The Economic Opportunity Act of 1967 (*Public Law 90–222*).—This Act required that the Director of the Office of Economic Opportunity (OEO) establish and operate an information center to provide information on Federal programs to public officials and others. As part of this mandate, OEO published for the Executive Office of the President (under OMB Circular A–84) an annual report entitled "Federal Outlays" which reported the dollar amounts, by agency and specific program aggregated at the State, county, and large city levels.

Intergovernmental Cooperation Act of 1968 (*Public Law 90–577*).—This Act required that any department or agency of the Federal government which administers a program of grant-in-aid to States or local governments notify in writing, upon request, the Governor, State Legislature, or other designated official, of the purpose and amounts of actual grants-in-aid.

This Act had the effect of improving the system by which States are notified of grant awards and is the statutory authority for Treasury Circular 1082. In FAADS' capacity as an awards notification mechanism, and given the fact it is slated to replace Treasury Circular 1082 after fiscal year 1982, this act might also be considered statutory authority for FAADS. It should be noted, however, that although OMB Circular A–98 administers most of OMB's activities under this act and Treasury Circular 1082 has covered the awards notification process, neither Treasury Circular 1082 nor OMB Circular A–98 covers FAADS.

The Act also produced an upgrading of "Federal Outlays" and expanded the overall scope of the report.

The Legislative Reorganization Act of 1970 (*Public Law 91–510*).—This Act can be interpreted as giving more specific statutory authority to the "Federal Outlays" report, among other things, although the actual Report was not changed significantly after its passage. The Act requires, in part, that the Director of OMB furnish Congress with information as to the location and nature of data available regarding the "programs, activities, receipts, and expenditures," and to prepare a report summarizing this information.

In 1974, "Federal Outlays" was among the OEO activities transferred to the Community Services Administration (CSA). During this period, CSA continued to publish "Federal Outlays" as the executive agency for OMB. Also during this period, the title of "Federal Outlays" was changed to the "Geographic Distribution of Federal Funds" to reflect the fact that the report was not actually an accurate account of Federal Outlays. GDFF continued to be administered under OMB Circular A–84 during its stay at CSA.

Congressional Budget Act of 1974 (*Public Law 93–344*).—In conjunction with Public Law 91–510, this Act serves as the statutory authority of both Special Analysis H published by OMB to accompany the President's Budget and the "Budget Information System."

Special Analysis H provides information on total Budget Authority of Federal aid to State and local governments by functional category. It also provides information on direct and guaranteed loan authority to State and local governments. Special Analysis H has some general historical analysis of Federal aid to State and local governments as well but lacks geographic detail.

The Budget Information System provides a state-by-state distribution of Federal obligations for 45 major formula grant programs. Obligations for each of the programs are estimated for the current fiscal year and the state-by-state distribution of that estimate under the formula is reported. For the first time, estimates of fiscal year 1983 obligations were provided far enough in advance that States had the information available to assist them in their own legislative process.

Unfortunately, this upgrading of the report was accompanied by the elimination of the state-by-state distribution of actual obligations for the most recent past fiscal year. OMB has indicated that in subsequent reports, the most recently available actual obligations will also be included to provide users with needed historical perspective. The Committee strongly encourages OMB to reinstate this important component of the BIS report.

The Office of Federal Procurement Policy Act of 1974 (Public Law 93-400).—This Act authorizes the Federal Procurement Data System which reports contract data from all Federal agencies and commissions. This system reports on a geographic basis where the contract was awarded as well as the location where performance of the contract actually occurred.

The Federal Program Information Act of 1977 (Public Law 95-220).—This Act provides for the efficient and regular distribution of current information on Federal domestic assistance programs. It requires the Director of OMB to develop a data retrieval system based on the Federal Assistance Programs Retrieval System (FAPRS) developed by the Department of Agriculture. The Act further requires the Director of OMB to conduct a study of Federal information systems that provide fiscal, budgetary and program related data, statistics, and information on grant awards; and to report to Congress recommendations for dissemination of financial information, summary of actions taken to consolidate, reorganize and improve the information systems, statutory changes, etc.

OMB's report pursuant to the Act, "Improving the Distribution of Information on Federal Assistance Programs," was submitted to Congress in 1978. Subsequently, the Federal Assistance Awards Data System was established administratively by OMB under a memorandum of the Director to test the feasibility of extracting Federal award information from agencies' own information systems. FAADS is presently in its second year of implementation and continues to operate under the original Memorandum of the Director.

When the Community Services Administration was dismantled in 1981, GDFF moved to the General Services Administration during a transition period. Then on December 14, 1981, OMB ordered Federal agencies not to report the GDFF data for Fiscal Year 1981 or for subsequent years.

III. LEGISLATIVE HISTORY OF S. 2386

Legislative response to the discontinuation of GDFF

In response to the demise of GDFF, Senator Riegle introduced S.J. Res. 146 on February 11, 1982 to require the Director of OMB to prepare and transmit to the Congress a report containing information and analyses similar to that contained in the Report entitled

"Geographic Distribution of Federal Funds." The Resolution required the preparation of this report only for fiscal years 1981 and 1982.

On April 15, 1982, Senator Sasser introduced S. 2386 which would have established a new system to collect, compile, distribute, and analyze information on the geographic distribution of Federal funds for each fiscal year by State, county and large city (population in excess of 25,000) areas. In addition, it would have created five regional data analysis centers to provide public policy analyses of this information. The exact nature of the system and the methodology for collecting the data were to be left to the Comptroller General who would promulgate standards for the collection and reporting of the data by the Federal agencies.

On May 12, 1982 the Subcommittee on Intergovernmental Relations held a hearing on S.J. Res. 146 and S. 2386. The Subcommittee heard testimony from six witnesses on that day and received correspondence from two executive agencies for inclusion in the hearing record.

As a result of the hearing, the Subcommittee reported S. 2386 with an amendment in thenature of a substitute. As amended, S. 2386 differs significantly from the bill as originally introduced. The reasons for these differences are discussed in the sections below.

Hearing

Witness list

Honorable Arlen Specter, United States Senator from Pennsylvania on behalf of the Northeast-Midwest Coalition;

Joseph Wright, Deputy Director, Office of Management and Budget;

Shirley Kallek, Associate Director for Economic Areas, Bureau of the Census, U.S. Department of Commerce;

Harry Havens, Assistant Comptroller General for Program Evaluation, U.S. General Accounting Office;

Thomas Anton, Professor, University of Michigan, Institute for Social Research;

Stephen B. Farber, Executive Director, National Governors' Association, on behalf of State, County and Municipal Public Interest Groups.

Senator Arlen Specter supported S. 2386 and stressed the Northeast-Midwest Coalition's belief that the information previously reported in GDFF was important to understanding the impact of budget decisions on the nation as a whole and on specific states and regions in particular. In response to a question by Senator Durenberger regarding the necessity of maintaining GDFF specifically, Senator Specter indicated that the Coalition was not so much interested that any particular instrument be used. Their concern was that the information contained in the GDFF report remain available in a usable form without interruption.

Joseph Wright, Deputy Director of OMB, opposed S. 2386 for three basic reasons.

(1) OMB felt it could result in mandating the reinstitution of the GDFF system which was felt to be inherently inaccurate and unnecessarily costly. He referred to an OMB study of GDFF in 1981 that

found pervasive inaccuracies in the GDFF data. Mr. Wright also cited a Congressional Budget Office report entitled "Troubled Local Economies and the Distribution of Federal Dollars," in which CBO reported that "less than one fourth ($79.2 billion) of the total outlays reported by the Community Services Administration could be traced to the county level using agency accounting records."

(2) Deputy Director Wright argued that the legislation is unnecessary because there "are no gaps in information that this legislation would correct." He stated that taken together, FAADS, FPDS, and data readily available through the Office of Personnel Management covered virtually all of the information contained in GDFF.

(3) OMB thought the bill would provide a complex and costly administrative structure which would be cumbersome and difficult to manage. In particular, it would mix legislation and executive authorities, and create regional data centers whose role is not made specific.

In addition to these three objections, Mr. Wright reported that OMB is currently designing a new system to provide, in a single report, information for major categories of Federal funds (covering approximately 85 percent of total Federal domestic expenditures) aggregated at the State level.

Regarding FAADS, Mr. Wright stated, in response to a question by Senator Durenberger, that the system's coverage will be 80 percent complete by the end of fiscal year 1982 and 100 percent complete by the first quarter of fiscal year 1983.

Shirley Kallek testified on behalf of the Census Bureau that the Bureau is presently undertaking a comprehensive edit of FAADS to correct errors in the data. In addition, Census is designing a series of computer programs to facilitate the review and processing of data as it is received from the various Federal agencies. Finally, the Bureau is going directly into the reporting agencies to review how the raw data are put together and to be sure the procedures and methodology employed at this stage of the process do not introduce errors which are not easily detected by the edit procedures.

Mrs. Kallek stated that while the Bureau is not presently satisfied with the accuracy of the data, it believes that "over the next year we will be introducing additional edits, etc., that will improve the accuracy."

Harry Havens, Assistant Comptroller General for Program Evaluation, GAO, testified that the absence of the GDFF information system would cause a short-term gap (one to three years) in meeting information needs of the Congress and other users. Referring to the other existing data systems within the Federal Government, Mr. Havens said however:

> Collectively these sources have the potential to capture, maintain, and report a significant amount of the information addressed in the proposed legislation. However, independently, none of them will be capable of providing a government-wide view of Federal spending. For a user to compile the needed government-wide perspective would require combining data from two or more sources. Not only is this process inefficient, it risks errors because of double counting or gaps.

* * * * *

> Therefore, in the long-term, opportunities should be explored to maintain comprehensive and quality geographic information through consolidated and streamlined executive branch systems. In the short-term, however, it is neecssary to continue to meet the information needs of policy officials.

Professor Thomas Anton testified in support of both S.J. Res. 146 and S. 2386. He reiterated the concerns expressed by GAO and argued that the inaccuracies in the GDFF data have been exaggerated. He went on to stress that GDFF was the only opportunity to "develop a common language for talking about this which will not be subverted constantly by everyone's seperate data systems based on seperate compilations of data and data files."

Professor Anton also expressed strong support for the five regional data centers which he felt could induce healthy competition among various geographic regions that would in turn, he argued, lead to better public policy.

Finally, Mr. Anton stated his belief that the FAADS system is not ready to be used for technical, political, and administrative reasons.

Appearing on behalf of State, county and city governments, Stephen Farber testified in support of S. 2386. In his testimony, he cited the Intergovernmental Cooperation Act of 1968 as requiring the publication of data on the geographic distribution of Federal funds.

Other comments.—The Subcommittee received written comments from two executive agencies. The Department of Defense submitted a letter to Senator Durenberger in which the Department indicated that it will continue reporting the data earlier published in GDFF as a Department of Defense requirement. "Accordingly, there will not be a gap in the availability of DOD expenditure data."

The Office of Rural Development Policy, the Department of Agriculture, submitted a letter to Senator Durenberger indicating its strong support for the FAADS system. However, the Office expressed concerns regarding FAADS. First, it was stressed that the accuracy of the FAADS data has been poor in the past. Given the high error rates that have existed, the Office was concerned that it would not have adequate data to carry out its mandate under the Rural Development Act of 1972 (Public Law 92–419).

Secondly, it stressed the importance of augmenting FAADS with other existing data sources to produce a comprehensive information system on the geographic distribution of Federal funds.

IV. DISCUSSION AND COMMITTEE RECOMMENDATIONS

During a period of substantial budget cuts and at a time when the nation is deliberating a New Federalism Initiative that would greatly alter the intergovernmental system, it is essential that Congress, State and local governments, and the public have access to information that permits informed and rational decisions. The amount of money required to ensure the quality and integrity of this information is inconsequential compared to the billions of dollars at stake in the proposed budget cuts and the proposals for a New Federalism.

The Committee feels strongly, therefore, that an investment in an adequate data system on the geographic distribution of Federal funds is justified. The Committee will not permit a small, short term budget savings to jeopardize the Federal data base in this important area.

With this as the basic premise from which to proceed, the Committee faced two problems. Given the abrupt discontinuation of GDFF prior to the publication of the fiscal year 1981 data, and given the fact that the replacement system would not provide adequate coverage for fiscal year 1981 or fiscal year 1982, how best could the gap in the data be filled? Secondly, what is the best way to protect and strengthen the quality and integrity of data on the geographic distribution of Federal funds in fiscal year 1983 and beyond?

The GAO analysis of the problem arising from the elimination of GDFF provides guidance in answering these questions. In his March 10 letter to Senator Sasser, Comptroller General Bowsher said:

> If the executive branch were to continue operating the GDFF in addition to FAADS, FPDS, and FAS, a high degree of overlap and redundancy would exist. The following examples illustrate this potential overlap:
>
> Both the GDFF and FAADS systems capture budgetary data on all domestic assistance programs at the local level.
>
> The GDFF nd FPDS systems both capture and report Federal procurement activities at the local level.
>
> The GDFF and FAS both report budget data on Federal grants-in-aid programs to State and local governments, although the GDFF captured and reported budget data in more detail.
>
> FAADS captures and reports data on all domestic assistance oriented activities, which includes grants-in-aid programs data published in the FAS.
>
> Clearly, a significant amount of unnecessary overlap and duplication would exist among these data sources. In the current budget environment, it is imperative that we get the most out of every dollar invested in capturing and reporting information. Accordingly, opportunities should be explored to maintain comprehensive and quality budget information by program area at the local level. At the same time, unnecessary redundancy in data collecting, processing, and reporting should be eliminated.

The short-term information gap

The Committee finds that a short-term gap in information has resulted from untimely withdrawal of the GDFF information system. However, the Committee finds further that requiring OMB to replicate the old GDFF data on an ad hoc basis for fiscal years 1981 and 1982 is not a desirable way to address the short-term gap information.

Because the GDFF system has been completely dismantled, it would be inefficient to attempt to resurrect it on short notice. Furthermore, given the well-documented inaccuracies in the data and its inherently flawed proration methodolgy, replicating GDFF on short notice would not ensure data of the quality necessary to make important budgetary decisions and policy choices on the New Federalism.

The Committee feels that it is more sensible to build upon the data systems that exist presently to fill the short-term gap in information. To fill this gap, the Committee recommends that OMB be required to collect, compile and distribute information on the geographic distribution of Federal outlays or obligations for fiscal years 1981 and 1982 at the State level of aggregation. Included in such a report should be Federal outlays or obligations for grants to States and local governments, defense procurement activities, direct payments to individuals, Federal civilian and military employee salaries, and any other large programs or categories for which data are available, such as NASA, the Corps of Engineers, and direct and guaranteed loan programs.

In his testimony before the Subcommittee on Intergovernmental Relations on May 12, Deputy Director Wright said such a report is presently being developed at OMB and would cover approximately 85 percent of the entire budget. The Committee bill requires OMB to prepare this report for fiscal years 1981 and 1982.

Assuring adequate data of good quality over the long term

The Committee finds that in fiscal year 1983 and beyond, FAADS and FPDS will be more accurate than GDFF in reporting Federal spending for those programs these systems were designed to track. The Committee is fully aware of the past inadequacies of FAADS. It has been assured by both OMB and the Census Bureau that by fiscal year 1983, FAADS will be 100 percent complete in its coverage and that its level of accuracy will be substantially improved.

Given this assurance, the Committee finds further that it is possible to obtain the same comprehensiveness in program coverage as under the GDFF system by combining FAADS with FPDS and other existing Federal data bases in a consistent way into a single comprehensive report.

The Committee agrees with GAO that users cannot themselves be expected to pull together several data sets. Moreover, it is clear from Mr. Wright's testimony at the May 12 hearing that OMB has no intention of performing the necessary consolidation without a further legislative directive.

The Committee concludes, therefore, that such a legislative directive is necessary and recommends that appropriate legislation be passed. The Committee bill requires that the Director of OMB consolidate the following in a consistent manner into a comprehensive report:

1. The Federal Assistance Awards Data System;
2. The Federal Procurement Data System;
3. Data on Federal civilian employee salaries available through the Central Personnel Data File operated by the Office of Personnel Management;
4. Data on the following categories of Military personnel pay available through the Defense Manpower Data Center within the Department of Defense:
    i. Military Active Duty Pay;
    ii. Military Reserve and National Guard Pay;
    iii. Military Retired Pay.

The Committee bill would require that data from each of the above sources be aggregated in a consistent manner at the State, county, and municipal levels and reported on a program basis.

The Committee recommends and its Bill requires the Comptroller General to monitor the consolidated report to ensure that the data in the report are consolidated in a consistent manner without overlap; that all of the categories of Federal spending intended by Congress are covered in a comprehensive manner; that all definitions employed to produce the reports are adequate; and in general to guarantee that the report is prepared in a manner most useful to Congress. To perform this monitoring role, the Committee recommends that the Comptroller General be required to make an annual report to Congress on the adequacy of the report.

If the consolidation of data sources recommended here is accomplished, the Committee feels the resulting data base on the geographic distribution of Federal funds will be equally comprehensive compared to the old GDFF system; will be substantially more accurate; and will improve the overall efficiency of this segment of the Federal information system.

Statutory authority of FAADS

The Committee found that the statutory authority for FAADS is ambiguous. If such authority exists, it may rest with the Inergovernmental Cooperation Act of 1968 (Public Law 90–577). This Act provides, in part, that any department or agency of the Federal Government which administers a program of grant-in-aid to any State or local government shall, upon request, notify in writing, the Governor, the State Legislature, or other designated official, of the purpose and amounts of actual grants-in-aid.

This Act is clearly the statutory authority for Treasury Circular 1082 which has in the past provided the award notification process. OMB has given public notice of its intention to replace TC 1082 with FAADS after September 30, 1982. In its capacity as an awards notification mechanism then, FAADS may also have explicit authority under Public Law 90–577. Construed as an information system to provide information on the geographic distribution of Federal funds, however, FAADS may exceed the scope of authority in the Act.

To clarify this, the Committee Bill authorizes FAADS explicitly in its present form for purposes of collecting, compiling and reporting the geographic distribution of those Federal obligations covered by the system.

V. SECTION-BY-SECTION ANALYSIS OF S. 2386 AS AMENDED

Section 1

Section 1 defines the terms "Director," "State," and "municipality."

Section 2

This section provides for the creation of an annual comprehensive report of the geographic distribution of Federal funds by State, county, and municipality by consolidating data available through existing Federal information systems and data sets. This report would begin for Fiscal Year 1983 and be published for each fiscal year thereafter.

Section 3

Section 3 provides for a report of the geographic distribution of Federal funds for fiscal years 1981 and 1982. This report would cover approximately 85 percent of Federal domestic spending and would provide detail only at the State level.

Section 4

This section requires that OMB publish printed copies and computer tapes of the reports set out in sections 2 and 3. Printed copies are to be distributed free of charge to certain Federal Depository libraries around the country and to specified House and Senate Committees. Other such copies of the printed materials and computer tapes as are demanded are to be made available for purchase. The price is to be determined by the Director of OMB so as to recover the cost to the Federal Government of compiling, preparing, publishing and distributing the reports required by this Act. This section also permits the Director, at his discretion and subject to the full cost recovery provision of this section, to waive part or all of the fee. It is the intention of the committee that the fee should be waived only in specific cases, such as meritorious academic research, where the fee might cause hardship.

Section 5

Section 5 grants the Director of OMB the authority necessary to carry out the provisions of the Act.

Section 6

This section authorizes the Director of OMB to operate and maintain the Federal Assistance Awards Data System (FAADS), and to designate an executive agency of his choosing to carry out this responsibility. It is the intention of the Committee that the executive agency be employed by OMB for purposes of operating the system in the most efficient and accurate manner. The Committee feels strongly, however, that OMB must remain an active participant in managing and coordinating FAADS to ensure full agency cooperation and compliance with the system's methodology and reporting procedures.

Section 7

Section 7 requires the General Accounting Office to complete an annual report to the Congress that certifies the consistency, accuracy, and comprehensiveness of the reports required by the Act. It is the intention of the Committee that GAO monitor the consolidated reports on the geographic distribution of Federal funds to ensure that they are compiled and published in a manner most useful to the Congress.

Section 8

This section authorizes the appropriations to carry out this Act. For fiscal year 1983, $340,000; fiscal year 1984, $310,000; fiscal year 1985, $300,000; fiscal year 1986, $250,000; and fiscal year 1987, $250,000.

VI. EVALUATION OF REGULATORY IMPACT

Paragraph 11(b)(1) of Rule XXVI of the Standing Rules of the Senate requires each report accompanying a bill to evaluate the regulatory impact which would be incurred in carrying out the bill.

S. 2386, as amended, is intended to remedy a short term gap in information on the geographic distribution of Federal funds and to improve the long term quality of this information. The bill in intended to improve the overall efficiency of existing Federal information systems.

The mandates contained in the bill are directed toward Federal agencies and Executive Branch Offices and would have no secondary regulatory impact on State or local government, nor on the public.

The use of data from the Central Personnel Data File operated by the Office of Personnel Management and from the records of the Defense Manpower Data Center would not be reported at a level of aggregation below that of county and municipal levels. Hence, the privacy of Federal civilian and military personnel would be protected. As presently structured, the Federal Assistance Awards Data System takes adequate steps to protect the privacy of individuals are recipients of Federal grants and payments.

The price the Federal government may charge for computer tapes and printed materials resulting from this bill must be reasonably related to the cost to the Federal government of implementing the activities mandated by the bill. Hence, guarantees under the Freedom of Information Act (Public Law 89–487) are adequately protected.

There will be a marginal increase in the workload and paperwork of Federal agencies beyond that existing after discontinuing the collection of GDFF data. However, that increase is expected to be less than what agencies would otherwise experience under a reinstitution of the GDFF system.

While S. 2386, as amended, places no new data collection requirements on Federal agencies, both the Office of Personnel Management and the Defense Manpower Data Center will have to develop new computer programs to provide data in a format compatable with the requirements of this Act.

This Act requires the Federal Accounting Office to assume monitoring of the consolidated system established by this Act and to produce an annual report in this capacity.

VII. CHANGES IN EXISTING LAW

Rule XXVI of the Standing Rules of the Senate requires that changes in existing law made by the bill, as reported, be detailed in the Committee Report accompanying the bill. No changes in existing law are necessitated by S. 2386. as amended.

VIII. COMMITTEE VOTE

On May 28, 1982, the Committee on Governmental Affairs favorably reported S. 2386, as amended, by unanimous vote.

IX. COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., June 10, 1982.

Hon. WILLIAM V. ROTH, Jr.,
Chairman, Committee on Governmental Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for S. 2386, a bill to require the Director of the Office of Management and Budget to prepare an annual report consolidating the available data on the geographic distribution of federal funds, and for other purposes.

Should the Committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

RAYMOND C. SCHEPPACH
(For Alice M. Rivlin, Director).

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

1. Bill number: S. 2386.
2. Bill title: A bill to require the Director of the Office of Management and Budget to prepare an annual report consolidating the available data on the geographic distribution of federal funds, and for other purposes.
3. Bill status: As ordered reported by the Senate Committee on Governmental Affairs, May 28, 1982.
4. Bill purpose: This bill requires the Director of the Office of Management and Budget (OMB) to prepare annual reports setting forth the geographic distribution of the obligation and expenditure of federal funds in state and local governments. The bill requires a report on the geographic distribution of fiscal year 1981 obligations and expenditures to be prepared by the Director of OMB within 90 days after enactment of the bill. The OMB is also required to make printed copies of the reports and computer tapes available to the public at a price sufficient to cover the cost of their preparation and distribution. The bill authorizes the appropriation of $340,000 for fiscal year 1983, and $310,000 and $300,000, for fiscal years 1984 and 1985, respectively and $250,000 each year in fiscal years 1986 and 1987 for the operation and maintenance of the Federal Assistance Awards Data System.

5. Cost Estimate:

	Millions
Authorization level:	
Fiscal year:	
1983	$340
1984	310
1985	300
1986	250
1987	250
Estimated outlays:	
Fiscal year:	
1983	255
1984	317
1985	303
1986	262
1987	250

6. Basis of estimate: This estimate assumes the amount authorized will be appropriated. The estimate of outlays is based on historical spending patterns for similar activities. Additional costs will be incurred for review and oversight activities required of the General Accounting Office (GAO) in consultation with the Congressional Budget Office and the Census Bureau. The cost to these agencies will depend on GAO's interpretation of its responsibilities, but could cost as much as $200,000 each year if an extensive review is conducted.

This estimate assumes that there will be no net cost to the government for preparation and distribution of the annual reports required by the bill because the bill requires that the price of those reports be sufficient to cover the costs of their preparation and distribution.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Judy Walker.

10. Estimate approved by:

JAMES L. BLUM,
Assistant Director for Budget Analysis.

X. ADDITIONAL VIEWS OF SENATOR SASSER

Valuable data, useful in assessing the geographic impact of Federal spending decisions, may again be available beginning in 1983 under the provisions of S. 2386, my bill approved May 28, 1982, by the Senate Governmental Affairs Committee.

Unfortunately, the interim report covering 1981 and 1982 which is required by the bill may be of somewhat limited utility to the Congress for assessing the New Federalism proposals which the Administration may shortly forward to the Congress.

Only the distribution of funds to the states is to be reported for 1981 and 1982. No separate data on federal spending for localities will be available. And there will be only limited information on Federal salaries and expenses and on procurement.

This lack of comprehensive information on the geographic distribution of Federal funds may effectively hide from the Congress the full geographic impact of the President's New Federalism proposals.

This may be as convenient for the Administration as it is inconvenient for the Congress. In my own State of Tennessee, for example, preliminary estimates from the legislature indicate that State and local taxes may have to be raised by as much as $700 million a year if the Administration's original New Federalism proposals had become law; such an adverse impact on my State would prevent my support for New Federalism legislation.

Since 1968, the Geographic Distribution of Federal Funds information system has reported data useful to the Congress and the public in assessing regional and local impacts of various Federal programs. That system was abruptly discontinued on December 14, 1981, by an Office of Management and Budget Memorandum signed by then-Deputy Director Edwin L. Harper.

Under my questioning at a Governmental Affairs Committee hearing on the New Federalism, David Stockman, the OMB Director, cited local data problems in the GDFF system, as well as the tight OMB budget, as reasons for the discontinuation.

Those are valid reasons for building a new federal funds data system. However, a number of Senators and the General Accounting Office (GAO) agreed with Senator Riegle and myself that the abrupt discontinuation of GDFF, with nothing to fill the information gap, was a serious mistake on the part of OMB. Lack of interim GDFF information means that the geographic impacts of the New Federalism proposals will have to be considered by the Congress without a historical "yardstick".

Thus, the original goal of S.J. Res. 146, the joint resolution introduced by Senator Don Riegle, and S. 2386, my bill, to reinstate the GDFF system is not fully met under the provisions of S. 2386 as reported by the Governmental Affairs Committee.

I do, however, applaud the mandate for the New Federal Assistance Awards Data System. Although work has already been done by the Office of Management and Budget to prepare this system, known as FAADS, for operation in 1983, it has never before been statutorily authorized. If S. 2386 passes both Houses of Congress, then the new system will be required by law. It cannot be arbitrarily discontinued at the whim of OMB as happened with the GDFF system.

The improved reporting of local data for the FAADS system will ultimately make it a reliable source of information on the geographic distribution of federal grants and other monetary awards.

The FAADS system is not as comprehensive as GDFF since it does not report Federal salary and expense obligations, nor does it reflect procurement activities. This gap will be filled, however, under the provisions of S. 2386, by the annual OMB report which consolidates information reported by the Federal Procurement Data System, the Central Personnel Data File of the Office of Personnel Management and the Defense Manpower Data Center of the Department of Defense, along with the federal assistance awards reported by the Federal Assistance Awards Data System.

By preparing the annual report required by S. 2386, the Office of Management and Budget also will make available comprehensive information which matches that produced by the older Geographic Distribution of Federal Funds system.

It is my hope that prompt Senate action on S. 2386 will send a strong signal to the Administration to provide the Congress with the State-local fiscal information it needs to properly evaluate the fiscal impact of the Administration's forthcoming New Federalism proposals. I commend Senator Durenberger for his expeditious action in reporting this legislation to the full Senate.

JIM SASSER.

○